DOCUMENT RESUME

ED 253 451 SO 016 134

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TITLE	Europe as a Partner of the Third World. The European Community--Joint Action Makes Problems Easier to Cope With.
INSTITUTION	Inter Nationes, Bonn (West Germany).
REPORT NO	SO-3-84(e)
PUB DATE	84
NOTE	36p.
PUB TYPE	Information Analyses (070)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Developed Nations; *Developing Nations; Economic Development; *International Cooperation; *International Organizations; International Programs; Public Policy; Technical Assistance; *World Problems
IDENTIFIERS	*European Economic Community; Foreign Aid

ABSTRACT

The rationale behind cooperation between the 10 members of the European Economic Community (EEC) and the Third World and the programs which the EEC has been developing are described in this paper. The first section, on how joint action makes problems easier to cope with, discusses the Federal Republic of Germany and the EEC, the progress of European integration, and fundamental principles of European integration. The second section focuses on the European Community as the preferred partner of the Third World. Topics are the Third World's desire for cooperation with the EEC, main areas of European development policy, the Lome Convention, the substance of the second Lome Convention, the road to Lome III, the EEC's Mediterranean policy, financial assistance for non-associated developing countries, the generalized system of preferences, cooperation between the Ten and the Third World in the field of foreign policy, and EEC development policy in practice. The final section is entitled "Cooperation between the EEC and the Third World: A Partnership of Reason." Appended are addresses of organizations mentioned and of EEC information offices in some nonmember countries. (IS)

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ED253451

Sonderdienst SO 3-84 (e)

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EUROPE AS A PARTNER OF THE THIRD WORLD

The European Community - joint action makes problems easier to cope with

by

Otto Schmuck and Dr. Wolfgang Wessels

SP 016 134

Bei Abdruck Beleg erbeten

Code No.: 74o Q 2816

Contents

	Page
The European Community - joint action makes problems easier to cope with	1
- The Federal Republic of Germany and the EEC	3
- European integration - a long and difficult road	4
- Fundamental principles of European integration	6
The European Community - preferred partner of the Third World	9
- Third World wants co-operation with the EEC	11
- Main areas of European development policy	13
- Constructive co-operation on a regional basis: The Lomé Convention	15
- The substance of the second Lomé Convention	16
- The road to Lomé III	19
- The EEC's Mediterranean policy	21
- Financial assistance for non-associated developing countries	23
- The Generalized System of Preferences	24
- Co-operation between the Ten and the Third World in the field of foreign policy	25
- EEC development policy in practice	26
Co-operation between the EEC and the Third World: A partnership of reason	28
Useful Addresses	32

EUROPE AS A PARTNER OF THE THIRD WORLD

The European Community - joint action makes problems easier to cope with

In the period 14-17 June 1984, 270 million citizens of ten West European countries went to the polls for the second time in the history of the European Community (EEC) to elect a European Parliament directly. Among the members of this Parliament are representatives of nations who have twice waged war with one another in this century and in so doing dragged Europe and the world into catastrophe. Those once deadly enemies became equal members of a European Community that is today an important, though not always fully understood, partner of the Third World.

The EEC has its own democratic institutions, it acts on its own authority, and it finances its activities from the Community budget. One of its institutions is an independent Court of Justice, which ensures that members comply with Community law. The EEC applies the same democratic principles and regulations that are valid in each of its member states. The clearest manifestation of this democratic system is the freely elected Parliament, where the representatives of the different political and regional groupings within the Community can engage in debate without hindrance and bring influence to bear on Community policy.

To be found on the agenda of the Community's institutions and its various bodies are all the economic and political issues that have a European and an international dimension, viz.:

+ the completion of a European internal market,
+ agriculture,
+ research and technology,
+ social affairs and regional developmer
+ the environment,
+ the European Monetary System with fixed exchange rates,
+ relations with Third World countries,
+ co-ordination of foreign policies in response to international crises (e.g. the Middle East, Central America, South East Asia, Poland).

(1)

Composition of the second directly elected Parliament according to groups and nationality of members

According to groups

Group	Seats 84	Seats 79	Change
Socialists	132	124	+ 8
European People's Party (Christian Democrats)	1o9	117	- 8
European Democrats (Conservatives)	5o	63	- 13
Communists	42	48	- 6
Liberals	32	38	- 6
Democrats (EPD) (Gaullists, etc.)	29	22	+ 7
Independents (CDI) (languages, etc.)	1o	12	- 2
Greens	11	-	-
Right-wing extremists	17	-	-
Others	2	-	-

According to nationality

List according to size

Federal Republic of Germany	81
France	81
Great Britain	81
Italy	81
Netherlands	25
Greece	24
Belgium	24
Denmark	16
Ireland	15
Luxembourg	6

Thus the EEC has become an organization which gives the nations of Western Europe a common destiny, a political system which has vitality, imagination and perserverence but is at the same time cumbersome, a community which, in spite of all its difficulties, does not lose site of the common goal.

The efficiency of this unique organization will not only determine the future of the European continent but also considerably influence the international political system.

Stuttgart Declaration of the European Heads of State and Government, 19 June 1983 (excerpt):

1.1 The Heads of State or Government, on the basis of an awareness of a common destiny and the wish to affirm the European identity, confirm their commitment to progress towards an ever closer union among the peoples and Member States of the European Community.

1.2 The Heads of State or Government reaffirm the Declaration on Democracy adopted by the European Council on 8 April 1978 which stated that respect for and maintenance of representative democracy and human rights in each Member State are essential elements of membership of the European Communities.

1.3 In order to achieve ever increasing solidarity and joint action, the construction of Europe must be more clearly oriented towards its general political objectives, more efficient decision-making procedures, greater coherence and close co-ordination between the different branches of activity, and the search for common policies in all areas of common interest, both within the Community and in relation to third countries.

The Federal Republic of Germany and the EEC

Ever since it was founded the Federal Republic of Germany has given high priority to the promotion of European integration. The European Community itself is conducive to the pursuit of the Federal Republic's main policy objectives:

+ to maintain peace and security and remove the sources of conflict in Europe and elsewhere;
+ to preserve and further develop the political system of the Federal Republic of Germany as a free, democratic and social state based on the rule of law;
+ to foster economic prosperity, social security and justice whilst at the same time meeting basic ecological needs;

(3)

+ to help find a satisfactory solution for the German problem (Germany has been divided into two parts since the end of the second World War) in keeping with the wording of the Letter on German Unity of 12 August 1970, that is, "to work for a state of peace in Europe in which the German nation will recover its unity in free self-determination."

It is in the Federal Republic of Germany's own vital interest that democracy, economic prosperity and social justice should prevail in Europe and throughout the world. The European Community is an important framework within which and with whose assistance the Federal Republic of Germany can help meet these global challenges. To all governments of the Federal Republic of Germany, therefore, an active European policy has been a cornerstone of their own policy, to improve and further develop European policy has always been one of their principal objectives.

Policy statement by Chancellor Helmut Kohl in the German Bundestag, 4 May 1983 (excerpt):

To safeguard peace in freedom is also a goal of our European policy. It is our historic task to strive with all our energy for the unification of Europe. Only a united Europe can do justice to its tasks in the world. Only a united Europe can guarantee our freedom and democracy in the long run. The Federal Government is making every effort to help achieve European Union.....

More unity and better co-operation in the foreign and security policies of the members of the Community are urgently needed...

The fight against the economic crisis and unemployment necessitates a free common market. But the Community must also keep its frontiers open to the rest of the world. The European Parliament needs adequate powers so that it can act as a democratic controlling body.

In regular public opinion polls more than three quarters of the German population have consistently expressed the view that the process of European unification should be continued. This proportion is above the average for all members of the EEC.

<u>European integration - a long and difficult road</u>

The European Community as we know it today in the mid-eighties has evolved in many small steps. Time and again, progress towards

unification has been disrupted by setbacks and disappointments. As a result, therefore, in spite of the many efforts, a European federation or union has still not yet been established. The Community's legal basis are the texts of the three treaties signed between 1951 and 1957 which embrace a wide range of objectives. This applies in particular to the EEC Treaty.

> Excerpt from the Treaty of 25 March 1957 establishing the European Community:
>
> Article 2 (the task of the Community)
> The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.

The creation of the Coal and Steel Community (1952), the Atomic Energy Community (1958) and the Common Market (1958) by Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands did not by any means imply that the integration process had been completed. In 1973, three more countries joined, Great Britain, Ireland and Denmark. Greece became the tenth member in 1981, and Portugal and Spain are scheduled to join in 1986.

This enlargement is only one aspect of the growing importance of the European Community. Over the years the Community's range of responsibilities has constantly widened, especially with regard to social policy, regional development, and economic co-operation in the field of development. Its members also agreed to seek a more co-ordinated approach in various fields in order to enhance the effectiveness of their individual policies. This applied in particular to foreign and monetary policy. In 1970, for instance, European Political Co-operation (EPC) was established as a framework for the co-ordination of members' foreign policies in areas of mutual interest. In 1976, the Council of Ministers made a number of decisions concerning co-operation on development. Those decisions made for greater harmonization of development policies and have been the basis for the adoption of common

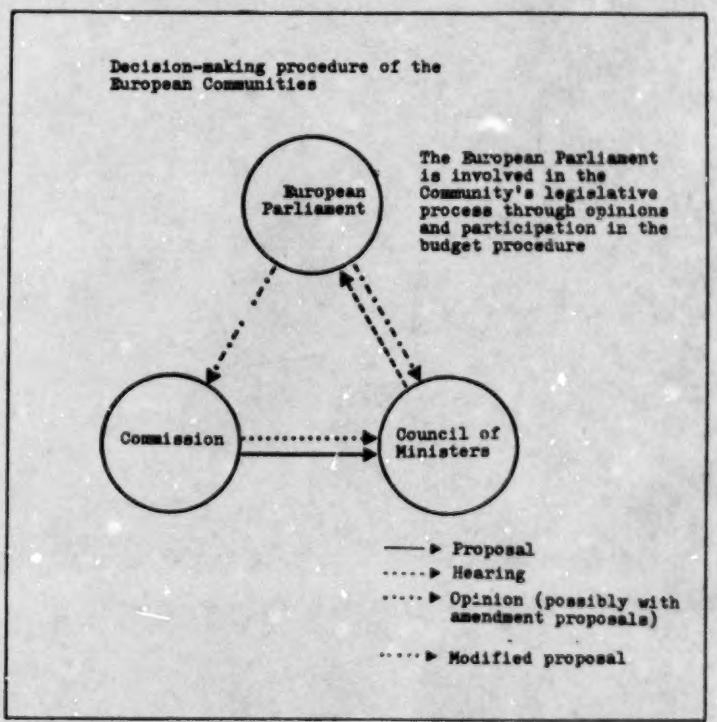
(5)

positions by the member states at major conferences on North-South relations. Another step on the road to union was the establishment of the European Monetary System (EMS) on 13 March 1979. Under this system the exchange rates of the currencies of participating members were fixed with a view to promoting monetary stability within the Community. It was seen as a means of supporting the Common Market for industrial and agricultural products.

In the mid-eighties, therefore, there is hardly any aspect of national policy that is not affected in one way or another by the Community.

Fundamental principles of European integration

The principles underlining the process of European integration with union as the ultimate goal are unprecedented. The Community owes its existence exclusively to the free will of the member nations, not to any compulsion from within or without. In spite of the disagreement that will of course always arise as to the Community's aims and as to the best course to take, opinion surveys keep on indicating that the citizens of Europe are strongly in favour of continuing the process of European unification.


Decision-making procedure of the European Communities
European Parliament
The European Parliament is involved in the Community's legislative process through opinions and participation in the budget procedure
Commission
Council of Ministers
Proposal
Hearing
Opinion (possibly with amendment proposals)
Modified proposal

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One of the main reasons for the Community's continuing success in spite of its many difficulties is the existence of independent European institutions and accepted procedures for the settlement of disputes. The Council of Ministers representing the governments of member states is the principal decision-making body. It passes Community law, concludes agreements with non-member countries, and adopts the Community budget in conjunction with the European Parliament. The Commission, which has its headquarters in Brussels, proposes regulations and other measures and is responsible for their implementation and control. The European Parliament advises the Commission and the Council and has considerable powers of budgetary control.

The European Court of Justice settles disputes over the interpretation of the treaties. The Heads of State and Government, too, are involved in the shaping of Community policy. They constitute the European Council which meets three times a year to discuss European and international problems, gives directives for further steps towards European Union, issues statements on international crisis situations, and makes decisions on major Community problems.

These integrative and co-operative institutions and procedures, successful as they have often been, will not suffice in the long run to cope effectively and democratically with the domestic and external challenges that will face Europe in the future. In view of this, the Heads of State and Government and the European Parliament have developed plans for a European Union which are currently a subject of controversial discussion among the member states.

Excerpt from the Draft Treaty establishing the European Union adopted by the European Parliament on 14 February 1984:

By this Treaty, the High Contracting Parties establish among themselves a European Union.

Accession of new members

Any democratic European State may apply to become a member of the Union....

The citizens of the Member States shall ipso facto be citizens of the Union. Citizenship of the Union shall be dependent upon citizenship of a Member State; it may not be independently acquired or forfeited. Citizens of the Union shall take part in the political life of the Union in the forms laid down by this Treaty, enjoy the rights granted to them by the legal system of the Union and be subject to its laws.

The Union shall protect the dignity of the individual and grant every person coming within its jurisdiction the fundamental rights and freedoms derived in particular from the common principles of the Constitutions of the Member States and from the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Europe's future will depend not least on the extent to which the Europeans can organize themselves. The principles governing life together in the Community and the division of powers as between the Community and its member states provide a good basis for this self-organization:

+ The Community assumes responsibility for those matters which it can handle more effectively than its members acting individually.
+ The Community and its members co-operate closely in all areas.
+ Decisions are made in accordance with jointly determined, democratically legitimized and controlled procedures.
+ The unification process is flexible and adapts itself to current necessities.

The existence of the European Community not only has a considerable effect on the political, social and economic life of its members but also has a lasting influence on the international community.

Excerpt from an address by the late President Anwar al-Sadat of Egypt to the European Parliament, 1o February 1981:

I believe that Europe, with its resourcefulness and rich cultural heritage, is uniquely qualified to play a prominent role in the world of today. The evolution of modern democracy and the industrial revolution which led to present-day technology are great assets that should be fully utilized in order to make the world more secure and just. The degree of unity which you achieved here, in Europe after years of hard work and dedication is certain to revitalize the entire continent and instil in it a new sense of purpose. This unity, which is symbolized by this Parliament, is an inspiration to many nations in different corners of the world.

The European Community is today the largest trading organization in the world. Through the budgets of its members and its own budget, it accounts for nearly one half of the world's total official development assistance, and through the medium of European Political Co-operation it is more and more adopting a self-reliant position in the context of international co-operation. Since the mid-seventies it has systematically widened the scope of co-operation with the developing countries. Today, the European Community plays a major role in the task of managing and improving the problematical relationship between the wealthy nations of the northern and the poor nations of the southern hemisphere.

THE EUROPEAN COMMUNITY - PREFERRED PARTNER OF THE THIRD WORLD

Development policy has been an important element of the unification process ever since the Community's inception. Whereas in the early years it had been based on the relationship between four of the founding members, France, Belgium, the Netherlands and Italy, and their former colonies, new forms of co-operation, with both sides recognizing one another as equal partners, were developed from 1960 onwards as the colonies acquired independence.

Examples of this unique kind of co-operation are the two agreements of Yaoundé (which were signed in 1963 and 1969 and

(9)

entered into force in 1964 and 1971 respectively) between the Community and 17 (West) African countries and Madagascar. They removed the customs barriers to trade between the two parties and provided for Community financial assistance for development projects. The 1968 Arusha Agreement offered the East African countries of Kenya, Tanzania and Uganda similar forms of co-operation with the European Community.

The Community members with no direct colonial heritage, such as the Federal Republic of Germany, also regard the Community as an important platform for development co-operation and thus accept Europe's special historical responsibility towards the nations of the Third World.

> From the Fifth Report of the Government of the Federal Republic of Germany on Development Policy, issued in March 1983:
>
> During the seventies, multilateral co-operation became a major feature of the development policy of all Western industrial countries.... This applies in particular to the contributions of the member states of the European Community in their joint co-operation with the Third World....
>
> The Government of the Federal Republic of Germany has supported this policy because it sees in multilateral co-operation an irreplaceable instrument of international partnership for development and for the safeguarding of peace.

The members of the European Community have clearly recognized the advantages which a common development policy offers to themselves and to their partners in the Third World with the result that serious attempts have been made to ensure greater co-ordination of national development policies so that they will ultimately merge into one common European policy for economic co-operation with developing countries.

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Article 64 of the Draft Treaty establishing the European Union, adopted by the European Parliament on 14 February 1984:

1. In its international relations, the Union shall act by common action in the fields referred to in this Treaty where it has exclusive or concurrent competence.
2. In the field of commercial policy, the Union shall have exclusive competence.
3. The Union shall pursue a development aid policy. During a transitional period of 10 years, this policy as a whole shall progressively become the subject of common action by the Union. In so far as the Member States continue to pursue independent programmes, the Union shall define the framework within which it will ensure the coordination of such programmes with its own policy, whilst observing current international commitments.

Third World wants co-operation with the EEC

Over the years, the nations of the Third World have become increasingly aware of the importance of the European Community. Now, a dense network of association, preferential and trade agreements link the Community with nearly all developing countries, over 1oo of them having meanwhile established missions in Brussels which conduct their relations with the Community. When a Community representative speaks at international conferences he can be sure of an attentive audience.

There are many reasons why the Third World takes such a great interest in close co-operation with the European Community:

+ The countries that have large commodity reserves or are to a considerable extent industrialized seek preferential access to the Common Market because it offers them the best outlets for their products. With the members having transfered their rights in these fields, tariffs and trade are now solely the responsibility of the Community.
+ The poorer developing countries are more interested in financial co-operation, and in this respect, too, the Community's contributions have been substantial. In 1983, for instance, they amounted to approx. 1.9 billion ECU, which is equivalent of DM 4.3 billion or $ 1.54 billion. This means that 13 per cent of the national development assistance

of all Community members, or 5 per cent of total Western assistance, is channelled through the EEC.

+ In its co-operation with the developing countries the Community has shown considerable flexibility in the choice of instruments and is receptive to experiments. In 1975, for instance, the Stabex system was introduced as a new approach to the problem of stabilizing the export earnings of developing countries. It is still an exemplary arrangement in spite of the criticism it has evoked.

+ The European Community is known to be a civilian organization committed to peace and has no ambition to install itself as a third military "superpower" alongside the United States and the Soviet Union. Even sceptical observers acknowledge that co-operation with the EEC is open to all nations of the Third World, irrespective of their political or social orientation. It is the Community's principle not to interfere with the internal affairs of the countries with whom it has co-operative arrangements, although it does attach special importance to the observance of human rights.

+ Being a peaceful organization of sovereign states, the EEC is considered a model for regional co-operation among developing countries. It remains to be seen whether and how far the Community can serve as a blueprint for new forms of regional South-South co-operation. As the examples of the ASEAN or the Andean Pact countries show, many countries of the Third World are exploring new modes of co-operation with their neighbours.

For all these reasons, the Third World is seeking intensive and lasting co-operation with the European Community. The Community has responded favourably to initiatives along these lines, offering different types of co-operation depending on the level of development and the aims of the countries concerned.

(12)

Main areas of European development policy

Today, the EEC has a variety of instruments at its disposal which offer certain regions closer links and are increasingly oriented to worldwide co-operation. In addition, the members of the Community are harmonizing their national development policies to a greater extent and also co-ordinating their foreign policy positions in relation to the Third World within the scope of European Political Co-operation. In 1982, the Community's technical and financial assistance amounted to 2,o4o.6, in 1983 to 1,883.4 million ECU. These amounts correspond to DM 4.6 and 4.2 billion respectively.

The Community has particularly close ties with some developing countries in Africa, the Caribbean and the Pacific region, and with the southern Mediterrenean countries. It has concluded long-term association and co-operation agreements with them which make provision not only for financial assistance but also for trade, technical and industrial co-operation.

(13)

Financial co-operation between the European Community and the developing countries 1982-1983 (million ECU):

I. Payments from the EEC budget

	1982	1983
Food aid	5o3.6	541.9
Non-associated developing countries	177.6	122.7
Co-operation with Mediterrenean countries	113.8	128.5
Miscellaneous (emergency aid, special programmes, administration)	15o.3	191.5
Total budget funds	945.3	984.6

II. Payments from the European Development Fund (EDF)
(not specified in the Community budget)

	1982	1983
Industrialization (incl. stabilization of earnings from mining activities/ Minex)	33o.o	238.5
Agricultural production	355.2	147.5
Economic infrastructure	112.3	249.6
Social development	117.5	126.3
Stabex	142.8	99.6
Emergency aid	19.1	11.9
Market promotion	9.5	6.7
Miscellaneous (incl. tourism)	8.9	18.7
Total EDF payments	1,o95.3	898.8
Total Community Financial Assistance	2,o6o.6	1,883.4

Source: 17th General Report of the EEC Commission

On 1 June 1984 1 ECU was worth DM 2.23 or $ o.83

Constructive co-operation on a regional basis: The Lomé Convention

When Great Britain joined in 1973 the Community's development co-operation policy underwent a fundamental change. The Community had previously concluded association agreements with several former colonies of member states by which a few, mostly French-speaking countries of Black Africa, enjoyed access to the European Market on particularly favourable terms and received financial assistance from the European Development Fund, which had been specially created for this purpose. The United Kingdom urged that this limited co-operation be extended to a larger number of countries. In a special protocol to the 1972 agreement on British accession to the Community, it was therefore agreed to offer closer co-operation to all developing countries in Africa, the Caribbean and the Pacific. This group of countries became known as the ACP countries, the acronym being formed from the initial letters of their three regions.

Excerpt from the preamble to the second ACP-EEC Convention of 31 October 1979:

The Contracting Parties,
ANXIOUS to reinforce, on the basis of complete equality between partners and in their mutual interest, close and continuing co-operation in a spirit of international solidarity;

RESOLVED to intensify their efforts together for the economic development and social progress of the ACP States, and to ensure the greater well-being of their populations;

WISHING to demonstrate their common desire to maintain and develop the friendly relations existing between their countries, in accordance with the principles of the United Nations Charter;

RESOLVED to continue and intensify their efforts to establish a model for relations between developed and developing States which is compatible with the aspirations of the international Community towards the establishment of a new, more just and more balanced international economic order;...

HAVE DECIDED to conclude this Convention.

(15)

The first Convention between the European Community and the ACP countries had been concluded in 1975. It remained in force for five years and was named the Lomé Convention after the capital city of Togo where it was signed. The second Lomé Convention came into effect in 1981, and this too is to be followed by another Convention when it expires in February 1985. Although some criticism has been expressed about minor aspects, co-operation between the European Community and the now 64 ACP countries has worked satisfactorily. The climate prevailing in the conferences held within the framework of this co-operation has often been described as constructive and as exemplary for North-South negotiations in other fields.

The substance of the second Lomé Convention

The second Lomé Convention is a wide-ranging general framework agreement consisting of 191 articles regulating the various forms of co-operation between the Community and the ACP countries. The most important of them are outlined below:

+ Customs and trade: With the exception of a few agricultural products, ACP goods exported to Common Market countries are free of all customs duties. This applies to 99 per cent of all ACP exports to the Community. The EEC has not asked for reciprocal preferences but insists that other industrial countries are not granted more favourable treatment than itself.

+ The Stabex system: This system was introduced to stabilize the export earnings of ACP countries. It is a kind of insurance policy which comes into effect when world market prices or local production fall below expectations as a result of drought or flood disasters, etc. At the present time, 45 agricultural commodities (including iron-ore) are covered by the system. If the earnings on exports of these commodities fall short of guaranteed levels calculated on the basis of the average earnings of previous years, the European Community makes up the difference in the form of interest-free loans or, in the case of the poorest countries, non-repayable grants. Thus the developing countries have some guarantee of foreign exchange earnings on their exports. Provision was also made for a similar system covering mineral commodities,

known as the Sysmin, but its rules differ from those of the Stabex and it does not provide for the same measure of financial compensation.

+ Financial co-operation: Technical and financial assistance for the period 1981-85 is 4.7 billion ECU (approx. DM 12.8 billion or 4.6 billion dollars). The ACP countries received this assistance through the European Development Fund, which is not a part of the Community budget but fed directly by the member states. 550 million ECU were earmarked for the Stabex system, 280 million ECU for Sysmin, and 600 million ECU for regional co-operation among several ACP countries. 56 per cent of the funds are provided in the form of grants, with the poorest countries being particularly favoured. The total volume of financial co-operation under the second Lomé Convention is 5.6 billion ECU.

+ Industrial and agricultural co-operation: Centres for industrial and agricultural development have been established to foster contacts among representatives of the two regions, to facilitate the transfer of know-how, and to stimulate production and trade.

+ Institutional framework: The ACP-EEC Council of Ministers and the ACP-EEC Consultative Assembly are the main bodies appointed under the Convention for the review of co-operation and the discussion of new proposals and other matters. Decisions by the Council of Ministers are prepared by an ACP-EEC Committee of Ambassadors. In addition, there are various working groups consisting of equal numbers of representatives of both sides.

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The Council of Ministers, on which each participating country is represented, makes the decisions necessary to implement the provisions of the Convention. The matters falling within the Council's purview are strictly confined to the terms of the Convention. The Consultative Assembly, which consists of two representatives of each ACP country and an equal number of representatives of the European Parliament, is a forum where a wide range of subjects and any problems relating to the Convention are freely discussed. The annual report on the progress of co-operation submitted by this body elucidates the problems at hand.

The road to Lomé III

The negotiations on a follow-up to Lomé II were opened in Luxembourg in October 1983. The two sides assessed the present Convention and stated what they expected of the next one. Individual provisions were criticized. The ACP countries pointed to the relative decline of importance of ACP-EEC trade in comparison with the Community's trade with other countries and called for trade promotion measures. They continued to press for a review of the Stabex arrangements in view of the fact that the funds set aside for this purpose in 1980 and 1981 covered only a proportion of the actual loss of export earnings. They also felt that the Community's financial assistance should be substantially increased.

The Community, for its part, called for qualitative improvements on the basis of the existing provisions. It proposed that a human rights clause be included in the text of the new Convention. It had also been pressed on this point by the European Parliament. After intensive discussions it was agreed that under the third Lomé Convention high priority should be given to the development of rural regions that they may acquire greater food self-sufficiency. However, the fight against hunger cannot be won unless the developing countries themselves do everything in their power to help attain the goals determined jointly by the two sides.

(19)

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Comparison of the development of ACP-EEC trade with the development of trade between EEC and third countries and between the EEC and non-ACP countries

billion ECU

	1975	1976	1977	1978	1979	1980	1981	1982
EEC imports (1)	125.8	160.0	172.9	179.7	219.3	272.9	303.8	321.5
of which from dev. countries	55.9	71.1	76.3	72.3	89.7	116.7	129.1	128.8
of which OPEC	33.8	42.6	43.0	38.8	52.8	68.1	75.4	71.8
ACP (59 countries) (2)	8.8	10.6	12.6	12.0	14.9	19.0	16.4	17.8
Annual growth ACP		+ 20.5%	+ 19.3%	- 4.9%	+ 24.1%	+ 27.9%	- 14.0%	+ 8.5%
ACP share of imports outside EEC	7.0%	6.6%	7.3%	6.7%	6.8%	7.0%	5.4%	5.5%
Other dev. countries' share of imports outside EEC	37.4%	37.9%	36.9%	33.6%	34.1%	35.8%	37.1%	34.5%
ACP imports compared with imports of other dev. countries	18.7%	17.4%	19.8%	19.9%	19.9%	19.5%	14.5%	16.0%
Exports outside EEC (1)	118.3	138.0	160.4	170.1	189.2	218.8	266.7	266.5
of which to dev. countries	44.0	51.5	62.5	67.2	70.4	84.4	112.0	117.1
of which OPEC	18.7	23.9	30.0	31.5	30.7	37.2	53.5	55.6
ACP (59 countries) (2)	8.2	9.9	12.6	12.8	11.8	15.8	18.6	18.2
Annual growth ACP		+ 21.5%	+ 26.6%	+ 1.6%	- 7.2%	+ 32.9%	+ 17.8%	- 2.2%
ACP share of exports outside EEC	6.9%	7.2%	7.8%	7.5%	6.3%	7.2%	7.0%	6.4%
EEC trade balance - = in favour of ACP countries + = in favour of EEC	- 0.6	- 0.6	0.0	+ 0.8	- 3.0	- 3.3	+ 2.2	+ 0.4

Source: EUROSTAT/Annual Report of ACP-EEC Council of Ministers, 1982

(1) Relates to Community of the Ten. Trade with Greece included retroactively.

(2) Relates to 59 ACP countries. Not included: Antigua/Barbuda, Belize, Zimbabwe, Vanuatu

On 1 June 1984 1 ECU was worth DM 2.23 or £ 0.83

The EEC's Mediterranean policy

The Community's special ties with the whole of the Mediterranean area led to the development of a global Mediterranean policy. Within the framework of that policy, co-operation agreements were concluded between 1975 and 1977 with Israel, the Maghreb countries (Algeria, Morocco, Tunisia) and the Mashreq countries (Egypt, Jordan, Syria and Lebanon) as well as with Cyprus and Malta. The trade provisions of those agreements guarantee free access to the Community's markets for the industrial products of these countries, although escape clauses were agreed for "sensitive" commodities, such as textiles and leather goods.

In view of the level of development of the Maghreb and Mashreq countries, the Community did not ask for any preferences in return. With Israel, on the other hand, it was felt that, in the longer term, a free trade zone should be established. While there is no time limit on the co-operation agreements themselves, all the attached financial protocols are limited to five years. Co-operation Councils were set up which can make decisions with a view to achieving the objectives of the agreements.

Commission and EIB financing decisions under the first and second Financial Protocols for Maghreb and Mashreq countries: position at 31 December 1983

	Maghreb (million ECU)	Mashreq (million ECU)	Total million ECU	%
Agriculture	15.8	25.0	40.8	4.9
Industry	71.5	209.1	280.6	34.0
Infrastructure	249.0	156.1	405.1	49.2
Training	35.4	19.7	55.1	6.7
Scientific cooperation	6.5	19.2	25.7	3.1
Industrial cooperation	4.1	4.1	8.2	1.0
Technical cooperation	3.5	3.6	7.1	0.9
Trade promotion	1.7	0.2	1.9	0.2
Total	387.5	437.0	824.5	100.0

Source: 17th General Report of the EEC Commission, 1983, p.274

(21)

The Community has also concluded association and co-operation agreements, together with the relevant financial protocols, with Spain, Portugal and Turkey. Portugal and Spain are due to become members of the Community in 1986.

Global development co-operation

The European Community has been expanding its worldwide co-operation since the mid-seventies. Today, it is linked with nearly all countries of the Third World by a dense network of trade and co-operation arrangements. The following statistics show that trade has increased considerably in recent years, with the OPEC+ countries and the non-associated countries of Latin America having profited at least as much as, if not more than, the ACP countries who have particularly close relations with the Community. An important feature of trade co-operation is the Generalized System of Preferences. In addition, the European Community supplements its global development co-operation with financial assistance and food aid.

Trade between EEC and Third World, 1978-82 (billion dollars)
On 1 June 1984 1 ECU was equivalent to DM 2.23 or $ 0.83

	1978		1979		1980		1981		1982	
	Ex.	Im.	Ex.	Im.	Ex.	Im.	Ex.	Im.	Ex.	Im.
All dev. countries	66.5	71.2	69.7	88.2	83.4	114.3	112.0	129.1	117.1	128.8
Non-oil-exp. countr	35.0	32.4	39.0	35.5	45.8	47.1	58.5	53.7	61.5	57.0
OPEC	31.5	38.8	30.7	52.7	36.6	67.2	53.5	75.4	55.6	71.8
ACP countries	12.8	12.0	11.9	14.9	15.7	18.9	18.5	16.4	18.2	17.8
Latin America	11.0	10.9	12.4	13.2	14.2	16.0	18.0	18.7	16.2	20.7
ASEAN	3.9	4.3	4.4	5.5	5.3	6.9	7.1	6.6	8.4	7.1
China	1.5	0.9	2.1	1.3	1.7	1.9	1.9	2.3	2.0	2.3
India	1.9	1.6	2.0	1.8	2.3	1.8	3.4	1.9	4.0	2.6
For comparison:										
Total EEC foreign trade	173.8	178.3	194.2	218.2	218.8	272.9	266.7	303.8	286.5	321.5

+ OPEC = Organization of Petroleum Exporting Countries

Financial assistance for non-associated developing countries

The Community also offers financial co-operation to countries with whom no association agreements have been concluded. In budget debates the European Parliament regularly proposes that this assistance should be provided to a much wider range of countries, on the ground that the Community needs to intensify its co-operation with Latin America and Asia. As a result, the Community took the first step in this direction in 1976 by making available 2o million ECU, which rose to 138.5 million in 198o and 247 million in 1983. These funds are primarily used for the development of rural areas, especially for the most needy sections of the population in the poorest countries. Support is mainly provided for programmes designed to improve agricultural production, marketing and storage, applied research and further vocational training, and for regional co-operation among several countries. The usual regional breakdown is approximately 75 per cent for Asia, 2o per cent for Latin America, and 5 per cent for Africa.

Food Aid. In view of the precarious food situation in many parts of the world and because of its own surplus problem, the European Community began in 1968 sending free supplies of wheat to needy countries, followed later by milk products, egg powder, sugar and other products. Today, food aid is a bone of contention among development aid experts. The critics point out that sending food to the same regions on a long term basis may do more harm than good since it tends to undermine existing farm holdings and induce new nutritional habits among the recipient populations. However, no one questions the need for emergency aid in the wake of natural disasters or other shortfalls in production caused by local circumstances. The 1983 programme provided for supplies of 1,o43,369 tonnes of wheat, 15o,ooo tonnes of skimmed-milk powder, 36,5oo tonnes of butteroil, 6,15o tonnes of vegetable oil, and 16,o86 tonnes of sugar.

The Generalized System of Preferences. In 1971, the European Community became the first trading region in the world to introduce a system of preferences for developing countries. It extends to the members of the Group of 77 within the framework of UNCTAD and to countries and territories dependent on EEC member states or third countries. Within the parameters of maximum quantities that are determined annually, it consists of unilateral tariff preferences for unprocessed agricultural products as well as industrial manufactures and semi-manufactures.

As the system is relatively complicated and, on account of the quantitative ceilings, does not offer importers any guarantee that they will actually benefit from the special preferences, it has been an object of criticism. The Commission has tried to improve the system and has in particular increased its efforts to inform potential beneficiaries about its advantages. Today still, however, the system is only partly used. It is mostly the threshhold countries who benefit from it.

Main beneficiaries of the Generalized System of Preferences(1981)
On 1 June 1984 1 ECU was equivalent to DM 2.23 or $ 0.83

	Beneficiaries	Value (million ECU)
1.	Romania	797.2
2.	Brazil	74o.3
3.	Venezuela	6o9.7
4.	Hong Kong	589.8
5.	China	589.2
6.	India	582.3
7.	South Korea	563.o
8.	Saudi Arabia	382.8
9.	Malaysia	371.o
1o.	Singapore	296.9
11.	Thailand	267.2
12.	Argentina	249.o

(24)

Co-operation between the Ten and the Third World in the field of foreign policy

Since 1970, the members of the Community have more and more been adopting a common stance in their relations with non-member countries. Within the scope of European Political Co-operation (EPC), national positions on foreign policy issues have been more closely harmonized, also in relation to the Third World. It is becoming increasingly common for the country acting as President of the EEC (the member states occupy the Presidency in turn at six-monthly intervals) to present the Community's joint position at international conferences and in the United Nations General Assembly. And often the Ten as a whole are involved in drafting compromise solutions in the North-South dialogue.

EPC has devoted special attention to problems in the Middle East, Central America, South Africa and Afghanistan. The Foreign Ministers of the Ten meet regularly with their colleagues from the ASEAN countries to explore possible joint solutions to the problems at hand. In the capitals of Third World countries, the ambassadors of the EEC countries co-operate closely with one another. Diplomats report that in their discussions with the representatives of developing countries they are increasingly asked not for their national but for the "European" point of view. From the outside, "Europe" is regarded more and more as an independent participant in the management of international relations.

European Political Co-operation has become the most important instrument of the foreign policy of the Ten. Only if they act together can the Europeans command attention on international issues. If they act in unison they are strong enough to bring Europe's influence to bear. The role of the Ten, which is oriented to stability and peaceful compromise, meets with growing understanding in other countries and in the major international organizations. This often appears to find more appreciation outside than inside Europe.

Excerpt from an address to the European Parliament by Hans-Dietrich Genscher, Minister for Foreign Affairs of the Federal Germany, on the German EEC and EPC Presidency, 29 June 1983

EEC development policy in practice

Projects supported by the Community are to a large extent financed through the European Development Fund which is administered by the Commission. The measures are proposed by the developing countries themselves, assessed by experts, and approved in a decision-making process involving representatives of the development co-operation ministries of Community members. The projects approved include integrated rural programmes and supranational infrastructural measures. However, traditional individual projects for rural development, industrialization, medical care and education, still account for most of the assistance.

The following three development projects, which were approved at the end of 1983 and the beginning of 1984 respectively, can be regarded as typical examples of practical development assistance as provided by the EEC.

Example 1: water supply in Niger. At the present time, less than one half of all villages in the Republic of Niger have modern water supply systems. A high incidence of disease from contaminated water and a heavy workload on the villagers who have to get the water are the result. In 1980, the Niger Ministry for Water Management and the Environment undertook to provide by 1990 25 litres of pure water for each citizen at a distance of less than 5 km from where he lived.

Under this programme, the EEC is providing a non-repayable grant of 4.9 million ECU for the construction of 280 manually operated drill-wells. The project is to be completed by local labour under the guidance of a water engineer, who is in charge of the project, a geologist to supervise the construction work, and a sociologist responsible for counselling and training.

The villagers are playing an active part in the planning and implemention of the programme and are themselves responsible for the maintenance of the wells. In addition to the EEC's contribution, the Niger Government is providing 0.7 million ECU and the village community 0.1 million ECU towards the cost of the project.

Example 2: road link between Gambia, Senegal, and Guinea-Bissau. Parts of the principal highway between Banjul and Bissau are in a very poor state. The European Community has provided a non-repayable grant of 1o million ECU for the improvement of a 27.5 km section of the road between Medania-Ba in Gambia and Diouloulou in Senegal. Within the scope of this project, two bridges and five dams are also being built to improve further sections of the road in Guinea-Bissau. This project serves a threefold purpose:

+ to strengthen political and trade relations between the countries concerned,
+ to promote economic development in the regions through which the road passes, and
+ to advance construction of the trans-West African highway.

The contracts for the construction work have been awarded to private companies on the basis of an international tender.

Example 3: Developing alternative sources of energy in eight ACP countries in the South Pacific. Dependence on dear imports of crude oil is a common problem for the insular nations of the South Pacific. The EEC is supporting 22 pilot and demonstration projects using solar energy, biomass and hydraulic power as renewable sources of energy in Fiji, Kiribati, Papua New Guinea, the Solomons, Tonga, Tuvalu, Vanuatu, and West Samoa. The aim is to make these countries less dependent on outside energy, which will of course at the same time reduce demand on the world's oil reserves. With 6.2 million ECU, the Community is financing the procurement of 14 solar-cell generators, 2 solar warm-water eaters, 17 gas generators, 2 steam power stations, 17 coal-fired drying facilities, 1 biogas generator, and 35o wood furnaces. In these cases also the facilities are being supplied and installed in accordance with an international tender in which companies from the EEC and the ACP countries may participate.

These three examples illustrate the efforts being made by the EEC to provide assistance for more small, decentralized projects.

(27)

Nowadays, instead of large-scale projects, such as dams for reservoirs, or steelworks, there is a greater concentration on integrated programmes, mainly in rural areas, and on supranational infrastructure projects.

CO-OPERATION BETWEEN THE EEC AND THE THIRD WORLD: A PARTNERSHIP OF REASON

For many years the Community has sought an intensive dialogue with all developing countries:

+ Regular contacts have been taking place between the Community and the ASEAN countries since 1972.
+ Co-operation between the EEC and Latin America has been intensified at the urging of the European Parliament. One result has been the co-operation agreement with the Andean Pact countries signed in December 1983.
+ Within the scope of the Euro-Arab dialogue, the EEC and the Arab League have been discussing matters of mutual interest since 1974.
+ The EEC strongly supports the work of the conference on co-ordination among the nations of southern Africa (SADCC).

The Community is aware of its special historical responsibility. Being the strongest trading organization in the world, it is especially committed to North-South co-operation and its share of global development assistance compares favourably with that of other countries or groupings, as the following table shows.

Official aid to the Third World

Net payments in 1981:

European Community and its member states	12.7 billion dollars
United States of America	5.8 billion dollars
Japan	3.2 billion dollars
Other industrialized countries	3.9 billion dollars
Soviet Union and other Eastern bloc countries	2.1 billion dollars
OPEC	7.8 billion dollars
World as a whole	35.5 billion dollars

Source: EEC Commission, the Community and the Developing Countries

(28)

So far international co-operation in the field of development has failed to reduce the gap between rich countries and poor. Indeed, the food problem in, for instance, the drought zone of Africa has worsened dramatically, and the debt burden of many developing countries looms larger than ever. These challenges also require the nations of Western Europe to redouble their efforts and concentrate funds to a greater extent on the development objectives that have been given a priority rating.

> Solemn Declaration by the European Heads of State and Government, Stuttgart, 19 June 1983 (excerpt from the political objectives)
>
> The Community will ... give effect to its special responsibility as the principal world trader and to its commitment to a free and open trading system.
>
> In this context, improvement and co-ordination of national and Community development co-operation policies are needed in order to reflect more fully the needs of the developing countries and the interdependence between them and Europe, and so that Europe plays a stronger and more stimulating role in relations between the industrialized and developing countries.

With these aims in mind, the Community members launched in 1980 an intensive discussion on the future course of co-operation policy. In October 1982, the EEC Commission submitted a memorandum on this subject which is in many respects noteworthy. Following on from the preparatory work of the European Parliament, it proposed a complete re-orientation of the Community's development co-operation policy, with emphasis on the following aims:

+ Top priority is given to the development of agriculture and rural regions to help them acquire food self-sufficiency.

(29)

+ Special attention is given to regional co-operation among several developing countries aimed at creating viable regional markets along the lines of the EEC.

+ The basic and further training of the population is to be promoted, taking into account the cultural dimension of development, and greater efforts are to be made to promote scientific research.

+ Great importance is also attached to the maintenance of the ecological balance and the problem of increasing urbanization in the Third World.

+ Co-operation will in future be based on an intensive dialogue between donor and recipient countries with a view to improving the co-ordination of assistance measures and achieving greater efficiency.

Memorandum of the EEC Commission on the Community's Development Policy, 4 October 1982 (final paragraph):

True to the effort made by the Community since its inception to promote development, strongly committed to the preferential links to be established between Europe and the Third World, aware of the value of the institutions and instruments worked out through concerted action in the course of time, attentive to the difficulties which the world economic crisis has imposed on the developing countries in particular, conscious of Europe's responsibilities in a world whose balance is threatened, continuing to attach great political value to the North-South Dialogue, the Commission proposes that the Council approve the guidelines of European development and cooperation policy set out above.

As before, industrial, social and infrastructure projects will be supported, although less importance will be attached to these than to the aims outlined above.

Western Europe and the nations of the Third World are interdependent. Whereas the Europeans need raw materials and want to sell their finished products, the developing countries lack the capital and know-how. Conscious of this situation, the Community

(30)

is offering the developing countries co-operation between equal partners. As we have seen from the practical examples of Community development policy, the Third World is prepared to accept this offer. The outcome is a partnership of reason which is certainly not unproblematical. But what alternative is there?

The development of the Third World in peace and in economic and social stability remains a crucial question for the future of mankind, and one on which the fate of Europe also depends. Crises in the Third World carry with them the risk of escalation into world conflicts. They provide foreign powers with the opportunity or pretext for power-political expansion or for direct intervention. They endanger the independence and economic development of the States concerned. Genuine non-alignment helps the Third World States to preserve their independence and to resist the dangers of foreign domination. Regional groupings and regional cooperation which we support, also promote international stability and the economic independence and development of the participating States.

The most important precondition for the development of the Third World in stability and independence is the elimination of hunger and poverty. The Community's development policy must therefore remain a vital factor in the common Third World policy. The Community's development policy and the cooperation of the Member States must be extended and their efforts made more effective.

Excerpt from a speech by Foreign Minister Genscher in the European Parliament on Germany's Presidency in the EEC and EPC, 11 January 1983

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The EEC maintains more than 6o offices in non-member countries.

(32)